# GOVERNMENT OF INDIA
# FINANCE
# LOK SABHA

UNSTARRED QUESTION NO:3614
ANSWERED ON:25.08.2006
RAISING MINIMUM VALUE OF INSURANCE
Singh Shri Chandra Bhushan

**Will the Minister of FINANCE be pleased to state:**

(a) whether Imiurance Regulatory Development Authority (IRDA) has restrained Government insurance companies from raising the minimum value of insurance from Rs.15,000/- to Rs.50,000/- per head without its approval ;

(b) if so, the deta.ils thereof ;

(c) whether public sector insurance companies had raised the minimum value without the approval of IRDA; and

(d) if so, the action taken by the IRDA against such public sector insurance companies ?

## Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) : No, Sir.

(b) : Does not arise.

(c)&(d): IRDA has reported that some complaints were received by it that some insurers were unilaterally raising the minimum sum assured on renewal of the existing policies and thereby indirectly compelling the insured to pay higher premium particularly in respect of mediclaim` policies.Since such unilateral changes were not in keeping with IRDA`s file and use norms for insurance products, IRDA issued a circular on 17.01.2006 reiterating that any significant changes in existing policies must be filed. The Life Insurance Corporation of India (LIC) has reported that it has increased the minimum sum assured under some old plans which were introduced before the IRDA calle into existence and where approval of IRDA was not required.